Moving to a skills-based organization

Are you ready?

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Skills-based organization:
not 'if', but 'when'

According to the World Economic Forum, in the next five years, 83 million jobs are projected to be lost and 69 million are projected to be created - a workforce churn of 152 million jobs, or 23% of the workforce.[1]

Jobs in predicted high growth areas (listen up, high schoolers) include AI and Machine Learning Specialists, Sustainability Specialists and Business Intelligence Analysts.

With that comes a change in skills needed to do those jobs well. The 2023 edX survey of 800 C-Suite executives, who felt that nearly half (49%) of the skills that exist in their workforce today won't be relevant in 2025, and 47% of their workforce is unprepared for the future of work.[2]

No surprise then, that according to a survey of 1,247 C-Suite executives by non-profit The Conference Board, organizational talent is a top focus areas for CEOs in 2024.[3]

Layer on top of that significant potential technological disrupters like Skills in Microsoft's Viva – a 'service that will help organizations understand workforce skills and gaps, and deliver personalized skills-based experiences throughout Microsoft 365' (you know, that thing that pretty much every employee has…)

So, you may have already started thinking about moving to a skills-based organization. And if you haven't you should, because it's likely not 'if', but 'when'.

What's a skills-based organization?

In the 'old way' of work, standard tasks were assigned to specific jobs, people stayed pretty much in their lane and decision making was hierarchical. Whilst efficient, this was slow and inflexible. Now, 71% of people already perform some work outside of the scope of their job descriptions, and only 24% report they do the same work as others in their organization with the same exact job title and level.[4] **So jobs, as a central organizing structure, are not really…doing their job.**

A skills-based organization is one where skills, rather than standardized tasks done as part of a specific functional job, are central, and drive talent acquisition and development. This is not new thinking – many organizations have been focused on building skills for decades. What's new is the application of machine-based learning and AI to change the game and put skills at the center of recruitment, development, career pathing – at the touch of a button.

Sources: 1 WEF_Future_of_Jobs_2023.pdf (weforum.org), 2 edX_Workplace_Intelligence_AI_Report.pdf,
3 pdfdownload.cfm (conference-board.org), 4 Skills-based organizations | Deloitte Insights

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In response, many organizations are rewiring to put skills at the center, to

Unlock talent pools

Increase organizational agility

Drive organizational resilience

Maximize efficiency

Enable diversity, inclusion, and equity

Support clearer career pathing

Deliver better employee experiences

Motivate high performers

Increase retention and so reduce recruitment costs

Getting started as a skills-based organization

So, what's stopping you? For most organizations it's simply a case of not knowing where to start or thinking that becoming a skills based organization means that you have to do *all the things*. You don't need to do all the things – start with some of the things and do the rest over time. There are really three things to think about:

1 Define the skills you need to succeed

2 Find the people with those skills

3 Take an 'always on' approach to building skills

Ultimately, skills-based organizations are 63% more likely to meet critical business and workforce outcomes, including growth targets, innovation and customer satisfaction.

1 Define the skills you need to succeed

A skills-based organization relies on being really clear on the skills you need to achieve your business goals, how you'll measure impact – and how you'll bring stakeholders along with you.

Get aligned on the goal

The goal will depend on your organization and what needs to be done to support the business strategy. A previous organization we worked with had the ambition to be #1 in revenue – and needed the skills to deliver that. But it could be about becoming a destination employer or driving equity and inclusion.

Develop your skills taxonomy

If you have invested in a skills platform (a comprehensive dataset, usually powered by AI, such as eightfold, Fuel50, Beamery) you'll be do this bottom up (e.g. Skills in Viva is powered by the LinkedIn Skills Graph, which houses 39,000 unique skills). AI powered platforms provide standardized language, are comprehensive in identifying relevant skills and remove any unconscious bias.

But you may also need to wade through a lot of skills that aren't applicable. Be sure to check for critical skills relevant to your business or industry.

A way to do this is to overlay a higher level *competency framework* that clusters groups of skills into a smaller, more manageable number of competencies based on the areas that have been identified as critical to the business.

If you don't have a skills platform, go top down, starting with the competency framework, then build out the skills, e.g.

Marketing Competencies
e.g. Strategy, Customer Engagement, Leadership, Project Management, etc.

Customer Engagement Skills
e.g. Social Media, Digital Storytelling, SEO etc.

Start with what you have. If you wait for the tech solve, it will be too late.
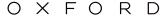
What's a skill?
Conduct a simple and highly unscientific experiment. Ask five colleagues to explain what a skill is. Skills are one of those things (like 'insight') where everyone thinks they know what it is, but in reality can have very different understanding. Get an aligned understanding before you start.

Definition of a skill
A learned ability to apply knowledge in an actionable way, with a demonstrable level of expertise (that's useful in a specific role).

What's a skills taxonomy?
A skills taxonomy is an inventory of all the skill sets relevant to your organization and industry. They include 'soft' and 'hard' (or technical) skills and offer a skills-based way of identifying, acquiring, and developing the core competencies needed to achieve your goals.

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How Unilever used tech to put people first

Unilever carried out a three-month job skills pilot project with World Economic Forum's Retail, Consumer Goods and Lifestyle group taskforce partner Walmart and Canadian start-up SkyHive, an expert in workplace analytics.

The pilot tested two hypotheses

1 Jobs might be better viewed as a combination of multiple skills, rather than singular roles.

2 Data could augment human perceptions about the skills required for specific roles (SkyHive's data-driven technology identified an average of 34 skills per person in a role – but employees downplayed their skills, identifying 11.)

HR teams selected ten different roles from across their respective businesses. Each team drew up a list of the main skills associated with each role and the potential training pathways for reskilling people for different roles.

Data analytics tools were then applied to the roles, to see skills gaps, overlaps, and to determine the most efficient way to upskill. The skills gaps between different functions emerged as far less wide than initially thought.

Find out more: Unilever pilot

Reskilling and upskilling are often seen as a time-consuming and costly exercise by businesses, so we were interested to find out if data and AI could help in some way and, if so, what future redeployment journeys might look like.

Focusing on expanding opportunities for growth for our own people is front and centre of our Future-Fit strategy. We know that if they grow, then our business also grows. Giving our people the training to fill internal skills gaps is good for them and for our business. If data and AI can help us do that better, as this initial pilot indicates it can, then great, let's use it.

Patrick Hull, Unilever Vice President, Future of Work

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2 Find the people with those skills

Where a skills-based organization really makes a leap is in recruitment, as the 'signals' that drive recruitment change, from background and experience to skills-based. Skills-based signals remove bias and can unlock significant talent pools.

Prioritize skills
Prioritize finding the skills needed to succeed over checking the recruitment box. Better to have the right, motivated talent in place, 6, 12, 18+ months from now that be on a continuous hamster wheel of recruitment.

Get clear on the job requirements
Be really clear on the skills needed for a role, instead of qualifications or work experience and make sure they are in the job description. Clearly articulate the skills needed for the role (or adjacent skills so it will be easier for candidates to build desired skills on the job).

Understand the landscape
Can you recruit for this skill (buy) or do you need to borrow (agency partners, outsourcing) or build internally.

Give hiring managers a way to confidently assess those skills
Use consistent and objective skill assessments and criteria (e.g. behavior-based interviews, skills tests, case study evaluations).

What are 'signals'?

Traditional recruitment signals are weighted to background, education and experience (e.g. a four-year degree from a specific college, or specific job title at for X company).

Skills based signals instead focus on evidence of skills. This is nothing new – 76% of employers are using some skills-based hiring to find new talent.[5] Think about skills assessments (tests, case studies), build in interview questions that evaluate skills in real time (e.g. problem solving) and taking a broader view of skill build including certifications or endorsements.

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How American Express moved to skills-based recruitment

To support the evolving talent landscape, American Express (AXP) has been working to implement a skills-based talent strategy, including talent acquisition processes to placing more emphasis on skills and competency in talent acquisition.

They are doing this by embedding a skills-based approach across the recruitment processes to create equitable opportunities for non-traditional talent, amplifying colleague development programs and resources to align with a skills-based approach and enhancing reporting capabilities to accurately track success metrics.

As part of this, American Express has teamed up with Multiverse to build modern apprenticeship programs for talent that have the skills and qualifications for a role, but who may not have a 4-year degree. According to Multiverse, two-thirds of Americans do not have a college degree, which leaves thousands of talented individuals out of consideration for certain roles and careers.
Find out more:

American Express and the Multiple Pathways Initiative
American Express and Multiverse

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There's so much opportunity for companies to ensure they are accessing the broadest pool of talent, including looking to those who may not have had the opportunity to obtain a college degree

Caisey Kakascik, Vice President of Global Diversity, Equity, and Inclusion at American Express

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3 Take an 'always on' approach to building skills

The skills needed in the workforce are always changing, so take an always-on approach to development that takes the pulse of the business and evolves upskilling and reskilling to match where the business is going.

Development is an investment in building workforce agility
The 2023 Workplace Learning Report from LinkedIn Learning estimates that skill sets for jobs will change by around 50% by 2027 [6] Think of skill building as a way for employees to build long-term careers with the organization – and the organization to increase 'employee lifetime value' (and reduce high recruitment costs resulting from employee churn)

Make it relevant
"Progress toward career goals" is the No. 1 motivation for employees to learn according to the 2023 Workplace Learning Report. A skills-based organization allows for more transparent career-pathing.

Take a broad view of skills development
Take a 55/25/20 approach (this used to be 70/20/10), where 55% of development comes from experiential learning, on the job, 25% comes from social learning like mentoring or peer networks, and 20% comes from formal learning. Focus heavily on work-based development (apprenticeships, mentorships, rotations, provide low risk opportunities to practice). How could you optimize the employee experience?

What's upskilling vs reskilling?

Upskilling builds skills needed to perform brilliantly in the current role, as the landscape evolves, e.g. digital storytelling in marketing needed for omnichannel customer engagement. Great upskilling can deliver a significant competitive advantage.

Reskilling builds skills needed for a new role, e.g. negotiation skills if moving from marketing into sales. Preparing existing employees for new roles is often the quickest and most cost-effective solution to filling skills gaps.

Source: 6 2023 Workplace Learning Report | LinkedIn Learning

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How Verizon drive clear career pathing through Verizon GPS

Verizon developed Talent GPS (accessed through VZWeb) to meet the career development goals of employees – or V teamers.

Phase I

Based on feedback from VZPulse surveys and other touchpoints, the first phase of this multi-year journey began with job architecture (categorized and grouped jobs together based on their attributes and skills) ultimately helping to identify an employee's progress and standing and provide a path to help pursue new growth opportunities.

Phase II

Implemented a job library to access info about all Verizon roles, as well as a "Your Career Journey" resource, full of new career-exploration tools that offer career support and empower and inspire employees to build and own their careers at Verizon.

In addition, there are tools to help V Teamers reflect on career goals, visualize next moves and strategize accordingly. V Teamers can then share the tools with their leaders or other supportive V Teamers ahead of next steps.

Phase III

The platform will give employees additional opportunities to learn more about the skills and competencies required for other Verizon roles, empower employees to build a development plan and own their future at Verizon with new tools that can foster success.

Find out more:

Verizon GPS

"Our people, the V Team, are our greatest asset and where we go as a company rests on the full potential of every V Teamer. Through our Pulse surveys and conversations with employees and leaders, we know that employees want more development opportunities and more resources to help them navigate their career. So we developed Talent GPS to empower our V Teamers to own and drive their careers"

Christina Schelling, Senior Vice President of Talent and Diversity

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SUMMARY

Moving to a skills-based organization will be a natural evolution for some, a leap for others.

But the benefits of doing so are significant and widespread, for employees, managers and the organization.

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About the author

Lisa Davies is a Client Director at Oxford, where she focuses on helping organizations to build high performing teams, defining and then building the mindsets, skillsets and toolsets they need to succeed.

Want to learn more about moving to a skills-based organization? We're specialists that can help, contact us here.

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